

Demographic Characteristics of Business Owners

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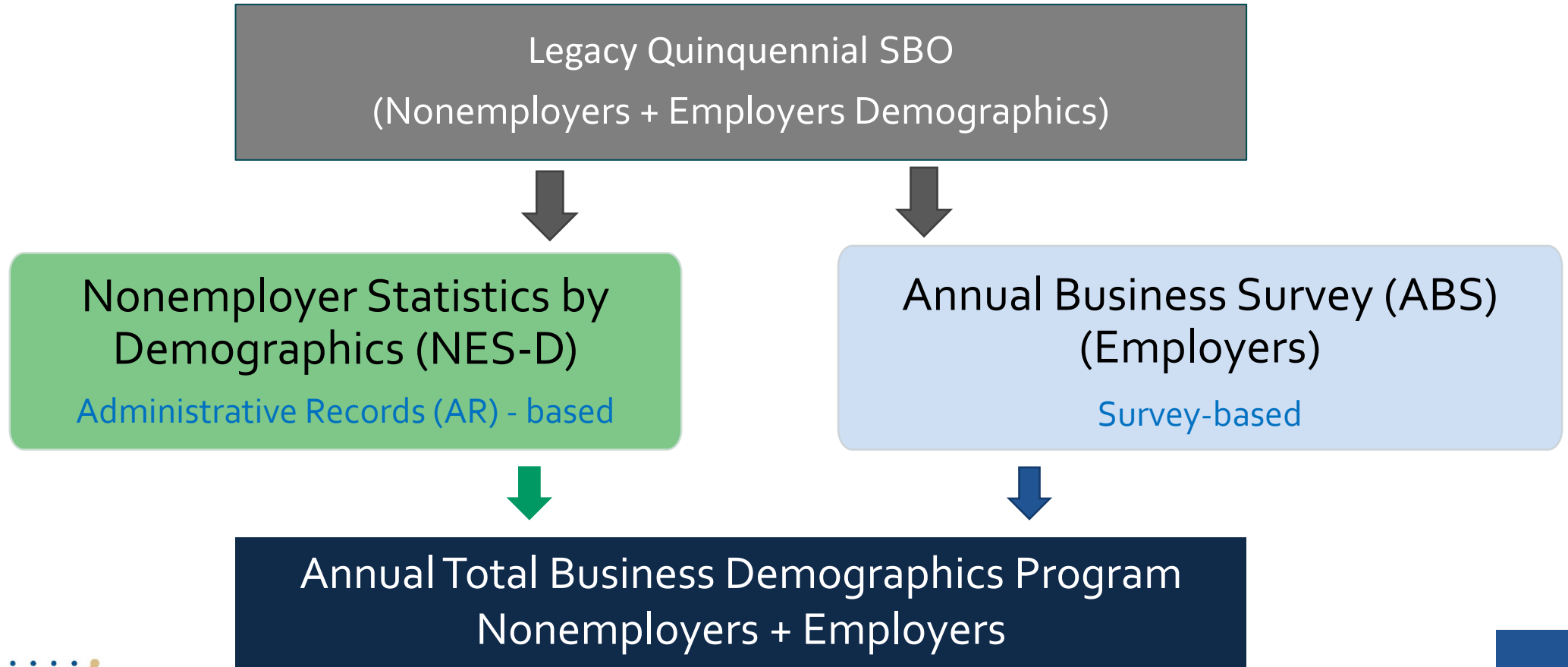
NAC 2021 Fall Meeting
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The Annualization of Census' Business Demographics Statistics: A Blended-Data Approach



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What is Annual Business Survey (ABS)?

Annual survey collection of economic and demographic characteristics for employer businesses by sex, ethnicity, race, and veteran status

Measures various other topics:

Research and Development

Innovation

Technology

Financing

Sponsored by the National Center for Science and Engineering Statistics (NCSES) within the National Science Foundation

Replaces other Census Bureau Surveys



ABS Content by Survey Year

2018

- Company Information
- **Owner Characteristics**
- Detailed Innovation
- R&D (1-9 emp)
- Digital Technology
- Financing

2019

- Company Information
- **Owner Characteristics**
- Reduced Innovation
- R&D (1-9 emp)
- Automation Technology

2020

- Company Information
- **Owner Characteristics**
- Detailed Innovation
- R&D (1-9 emp)
- Globalization

2021

- Company Information
- **Owner Characteristics**
- R&D (1-9 emp and nonprofit organizations)
- Digital Technology, Operations and Innovation
- Financing
- Management Practices
- Coronavirus Pandemic (R&D & Financing)

2022

- Company Information
- **Owner Characteristics**
- R&D (1-9 emp and nonprofit organizations)
- Innovation, Digital Technology
- Design and Intellectual Property
- Globalization
- Coronavirus Pandemic (R&D & Financing)

Illustration of ABS Demo Results

Most Business Owners Have a Bachelor's Degree

Highest Level of Education Obtained by U.S. Business Owners in 2019



Note: The Annual Business Survey is sponsored by the National Center for Science and Engineering Statistics within the National Science Foundation. Owner counts do not represent all business owners. Estimates only represent responding owners for employer businesses (3.9 million). The Census Bureau has reviewed this data product for unauthorized disclosure of confidential information and has approved the disclosure avoidance practices applied (Approval ID CBDRB-FY21-289).

Source: U.S. Census Bureau and National Center for Science and Engineering Statistics, 2020 Annual Business Survey, data year 2019.



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Percentage of Employer Firms by Size of Firm

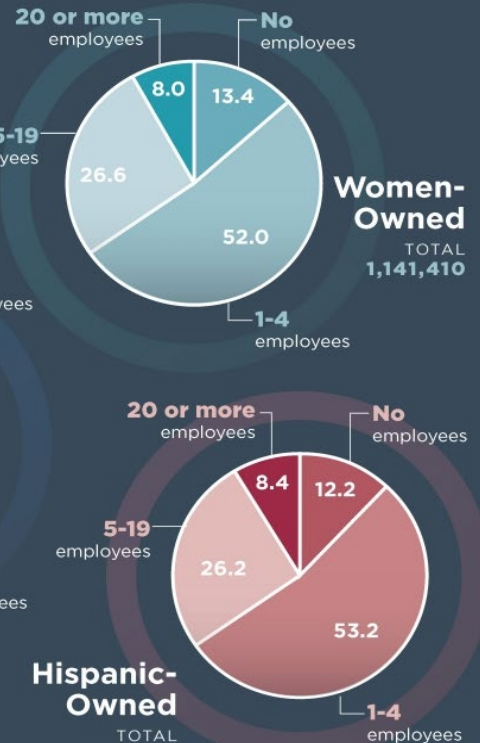


Notes: Minority-owned firms are classified as any race and ethnicity combination other than non-Hispanic and White.

Data includes firms with payroll at any time during 2018. Employment reflects the number of paid employees during the March 12 pay period.

The Annual Business Survey (ABS) includes employer businesses only. The ABS is sponsored by the National Center for Science and Engineering Statistics within the National Science Foundation.

Source: U.S. Census Bureau and National Center for Science and Engineering Statistics, 2019 Annual Business Survey, data year 2018.



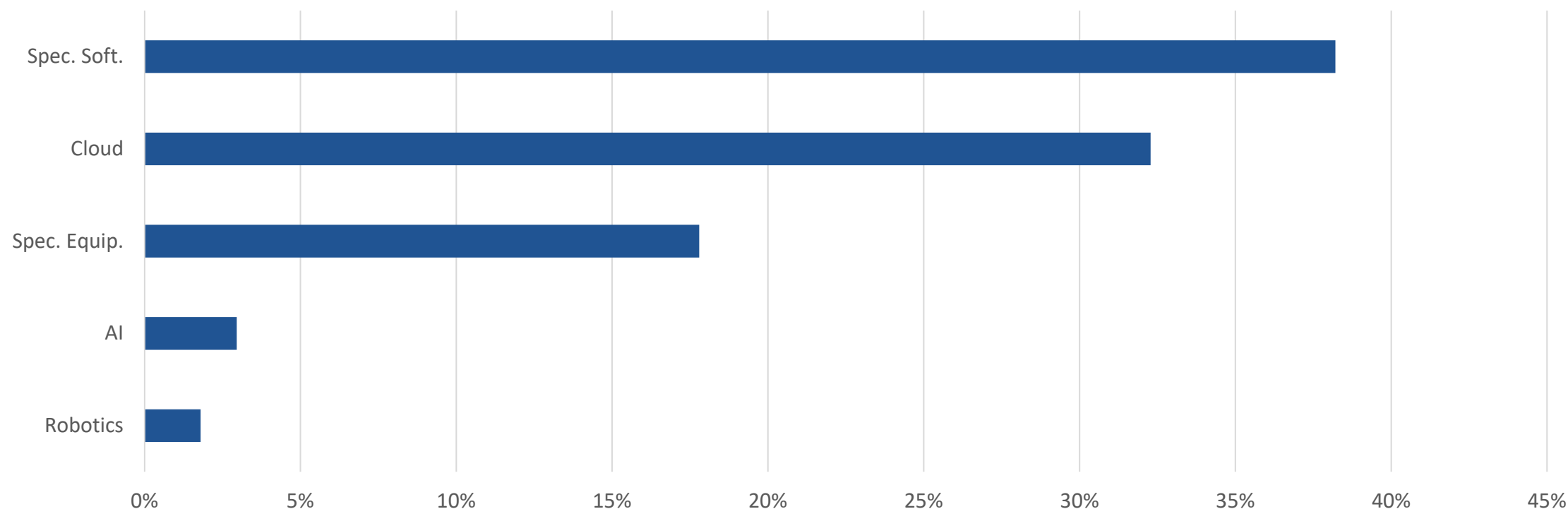
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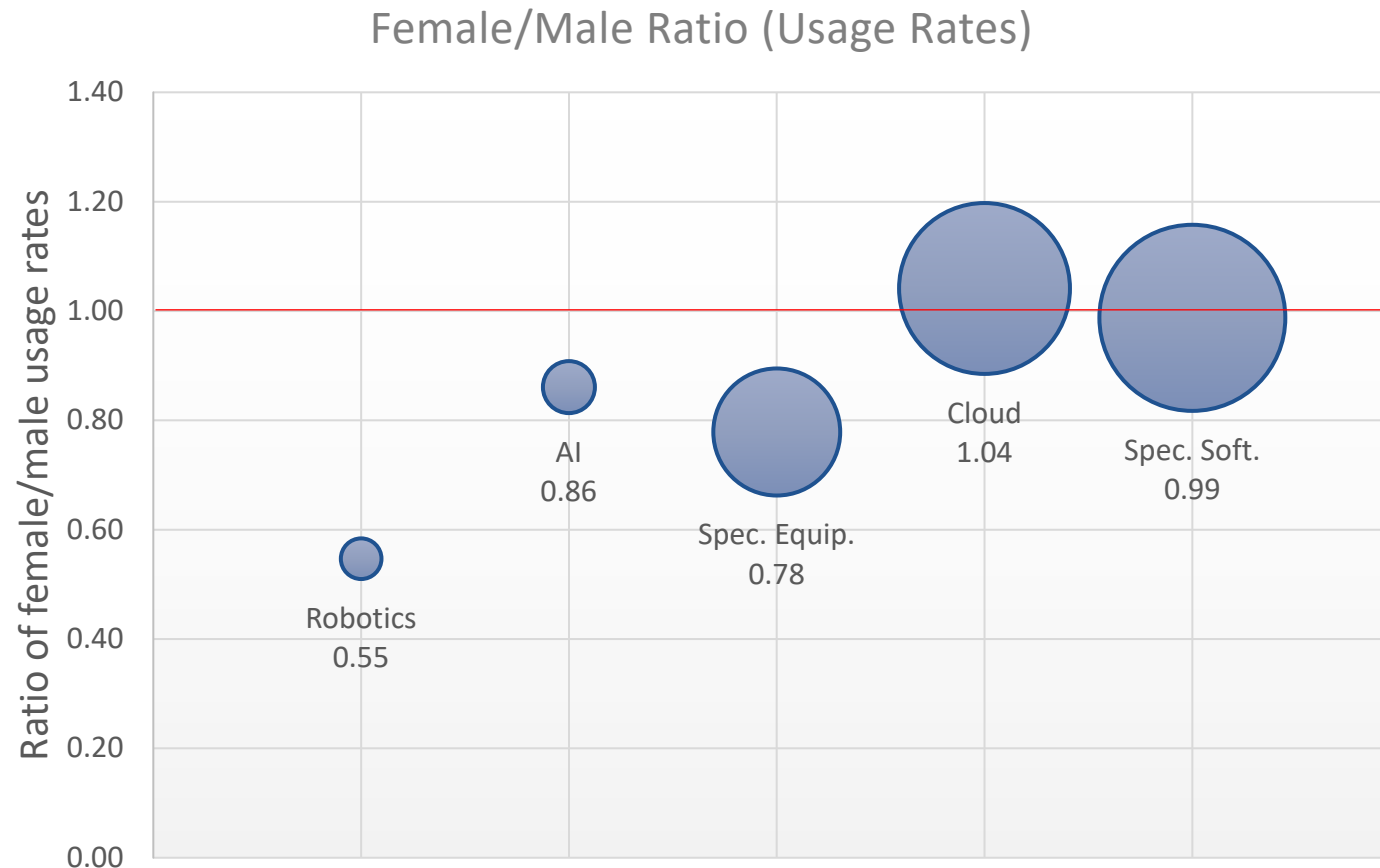
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Illustration of Business Characteristics Results

Overall Technology Usage Rates



Technology Use by Sex



Robotics usage 45% lower for female-owned businesses

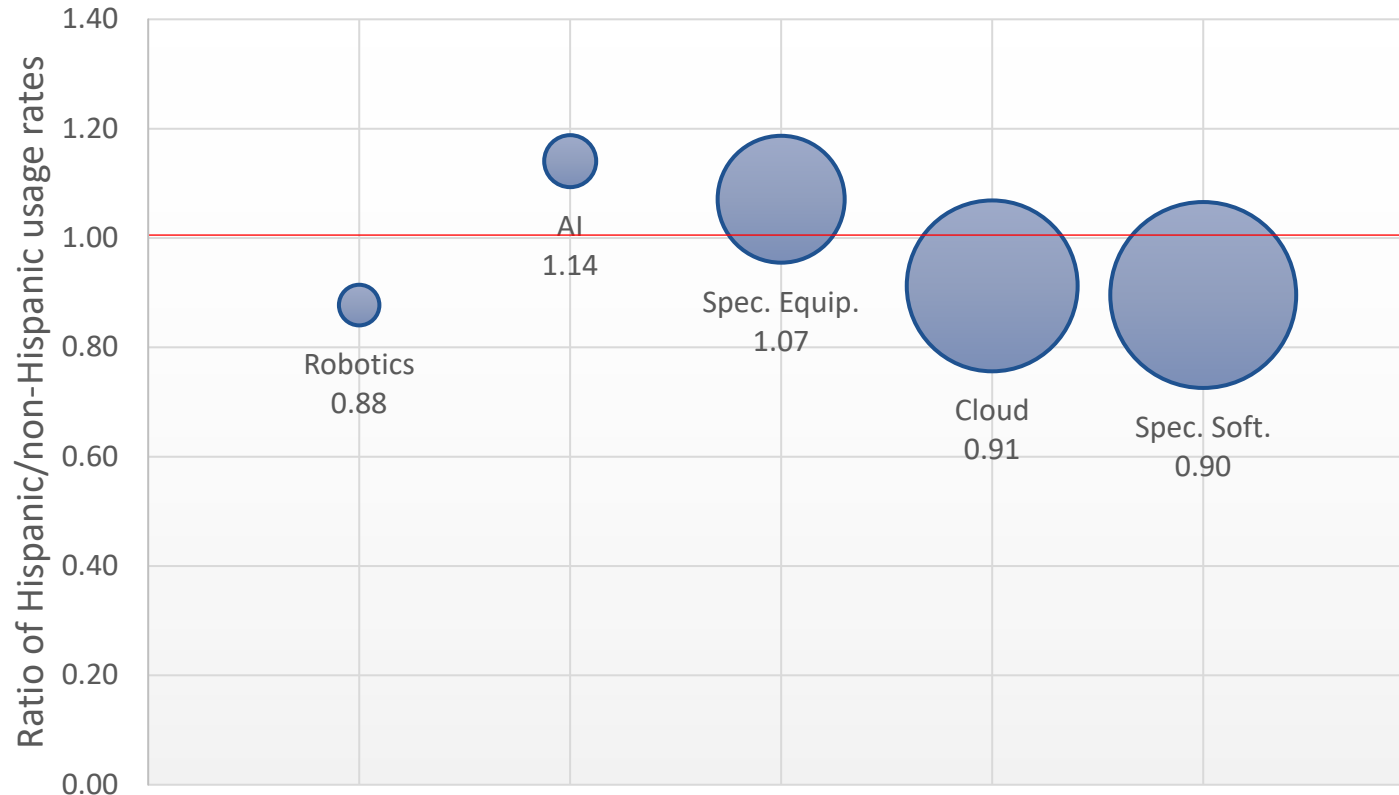
Most commonly adopted technologies (i.e., cloud and specialized software) have similar adoption rates among female- and male-owned firms

*Note: bubble size is proportional to overall usage rate of each technology



Technology Use by Ethnicity

Hispanic/non-Hispanic Ratio (Usage Rates)



Technology usage rates relatively similar across ethnicities

*Note: bubble size is proportional to overall usage rate of each technology



What is NES-D?

New annual data series that provides **demographic characteristics of businesses with no paid employees** (nonemployers)

Leverages existing administrative & census records to provide business demographics for nonemployer firms

Improvements over predecessor (SBO): No additional respondent burden, more frequent, more timely, lower costs, lower imputation rates

First official release December 17, 2020 (2017 reference year)

Content:

- Tables of counts & receipts of nonemployer **businesses** by race, Hispanic origin, sex and veteran status of business owners
- Tables of counts of nonemployer **business owners** by race, ethnicity, sex, veteran status, place of birth, & age

Detail: Geography & industry detail, receipt-size class, and legal form of organization

- Current Geo Detail: U.S., state, MSA
- Current Industry Detail: All sectors, 2 and 3-digit NAICS (North American Industry Classification System)

Coverage: Nonemployer universe*

Data sources: Leverages existing AR (i.e., IRS tax data, Business Register, SSA Numident, AR from DVA) and Census data (i.e., Decennial Census, American Community Survey) -- **Not a survey**

Frequency: Annual

*Excluding C-corporations



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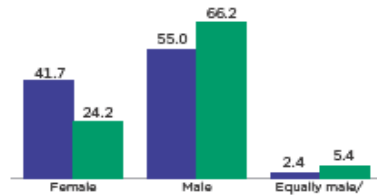
Illustrations of NES-D Demo Results

Introducing the New Annual Nonemployer Demographics Statistics (NES-D)

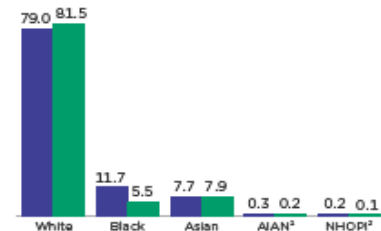
NES-D provides annual data on nonemployer business demographics (e.g., sex, ethnicity, race and veteran status) from existing administrative records and U.S. Census Bureau data.

■ Percent of total nonemployer businesses ■ Percent of total nonemployer business receipts

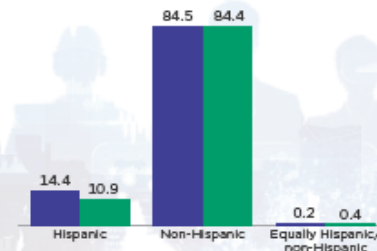
Share of nonemployer businesses and receipts by owners' sex



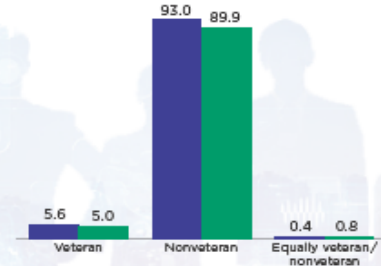
Share of nonemployer businesses and receipts by owners' race



Share of nonemployer businesses and receipts by owners' Hispanic origin



Share of nonemployer businesses and receipts by owners' veteran status



* American Indian and Alaska Native.

† Native Hawaiian or Other Pacific Islander.

Notes: Excludes nonemployer C-corporations, which account for approximately 2% of nonemployer businesses and 4% of receipts.

Less than 1% of nonemployer businesses are not eligible for demographic classification for reasons such as being owned exclusively by other businesses (i.e., having no person owners). These unclassifiable businesses account for about 4% of receipts.

The Census Bureau has reviewed this product for unauthorized disclosure of confidential information and has approved the disclosure avoidance practices applied. Approval ID: CBDRB-FY20-390.

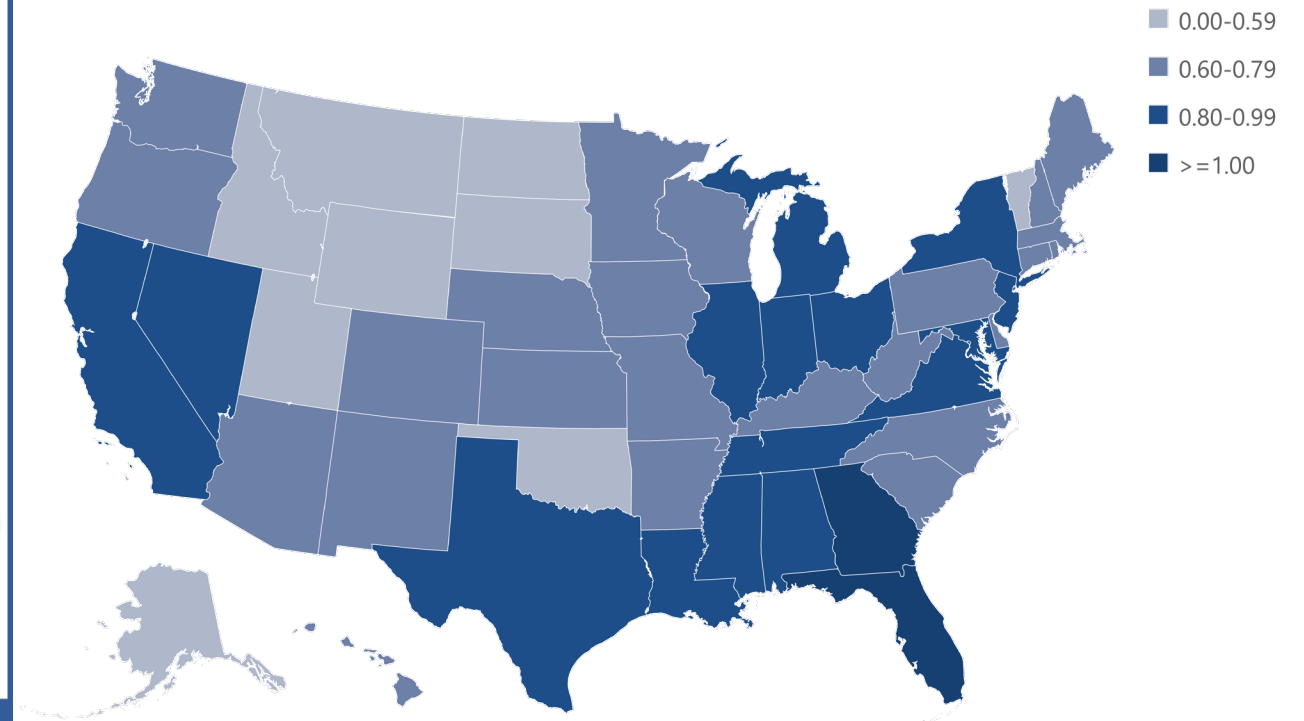
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Source: 2017 NES-D

<www.census.gov/programs-surveys/abs.html>

Ratio of Nonemployer Minority Ownership Share to Minority Adult Population Share



Source: U.S. Census Bureau, 2017 NES-D and American Community Survey.

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NES-D Next Steps

Total business demographics: Release combined nonemployer + employer demographics

Increase level of detail for nonemployers:

- Geo detail: Potentially down to county level in future releases as disclosure-avoidance rules allow
- Industry detail: Potentially down to 6-digit NAICS in future releases as disclosure-avoidance rules allow

Shorten dissemination lag from 3 to 2 years for nonemployers

Additional characteristics for nonemployers, including:

- Household (e.g., marital status)
- Related to gig-economy (e.g., does nonemployer also work for a wage? Does nonemployer use contractors?)
- Transitions to employer status
- Firm age, patenting activity, exporter/importer status



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Timeline

2021 ABS collection – July 2021 – December 2021

includes Financing for 2020 reference year

2020 ABS Release – October 28, 2021

**2018 Total Business Demographics Program (ABS + NESD):
winter 2021/2022**



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Questions for the Committee

- Plans to improve/enhance NES-D --increase geo & industry detail, decrease dissemination lag, expand number & scope of nonemployers characteristics leveraging AR, but cannot implement everything at the same time because of limited resources
 - How would you use enhanced NES-D data? How would you prioritize?
- Some loss of content on items hard or infeasible to obtain through AR (e.g., sources of business financing)
 - What are potential strategies to obtain that type of info?



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ABS and NES-D tables are available at:

<https://www.census.gov/programs-surveys/abs/data.html>

Thank you!

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